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GREATER HARTFORD'S BUSINESS NEWS

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HBJ PHOTO | GREGORY SEAY



## Glimmers of light shine among downtown's retail dark spots

By Gregory Seay

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**T**hey are downtown Hartford's dark monuments.

Empty street-level storefronts — some that way for ages — dot many of the central business district's most-traveled thoroughfares: Asylum, Main, Pearl, State and Trumbull streets. The north side of Pratt Street alone has

Eyewear vendors Steven Abbate (left) and Tom Gauthier have a \$250,000 bet on downtown retail.

as many vacant spaces as tenants.

But a handful of downtown retail tenants and landlords — including owners of Stackpole Moore & Tryon/Tuesday's and the developers of the decade-old Trumbull On The Park Apartments and 777 Main high-rise apartments — say filling those vacancies by making the center-city more attractive to retail operators and consumers isn't as difficult as it might seem.

To start, they say, the impending redevelopment of the downtown-north quadrant into a

*Continued on page 16*



## Southern Influence

Francine Austin pairs hairstyling with southern cooking at her non-traditional Bloomfield salon and spa.

**PG. 3**

HBJ PHOTO | MATT PILON



## Lawmakers push for budget pact; Biz fret over mandates

By Matt Pilon

mpilon@HartfordBusiness.com

**T**ax increases may be off the table during the legislative session that begins this week, but the business community will remain on the defensive, lobbyists say, working to fend off proposed mandates

that have gained growing support in recent years, including a publicly administered retirement plan.

Meanwhile, balancing the budget in the face of growing deficits will be the main priority for legislators, who just patched a \$350-million hole in the

*Continued on page 14*

## Legislative Preview Focus

Check out numerous business-related issues likely to be debated during this year's legislative session.

**PG. 8**

## Fresh Start

Q&A talks with Stuart Rosenberg, the recently named president of Johnson Memorial Medical Center, which has emerged from bankruptcy and been acquired by Michigan-based Trinity Health.

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FACES OF BUSINESS

# Austin's salon thrives on faith, style, southern cooking

By Stan Simpson  
Special to the Hartford Business Journal

When Francine Austin traces the path of her entrepreneurial spirit, she draws a line from Adams Street in Hartford to a 30-acre farm in Easley, S.C., which her grandparents owned.

"My journey has been a learning lesson for me," said Austin, a Hartford native.

In the Old South, few African Americans owned their own land or business. The independence of her grandparents was something Austin never forgot.

As a child growing up in the 1970s, her goal was to own a salon. An aunt was a hairstylist and Austin enjoyed styling the hair of older women. She liked the way a new "do" made people feel and look.

"I wanted to have a place that would represent people of color, where we could feel honored, where we could go and relax. I wanted a place for us to understand how important it is for us to replenish our souls."

Her journey to the salon business was detoured by a stint in the corporate world, working in Cigna's group-pension division for six years in the late 1980s and early 1990s.

"I was miserable and unhappy," Austin said of her experience. Corporate life, however, taught her about time management and the importance



Stan Simpson

Continued ▶



Francine Austin's Bloomfield-based hair salon and spa tries to differentiate itself by offering customers a home-cooked meal and wine.

PHOTO | STEVE LASCHNER

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### Industry Leaders

We are proud to welcome two industry powerhouses to our team!



**Kristi Kearney** Director

Kristi has 20+ years of experience in the fitness industry, most recently having served as Executive Director of the Downtown Hartford YMCA. She holds a Bachelor of Science degree in Physical Education and Health Fitness from Central Connecticut State University, and has a Master of Science degree in Movement Sciences from Springfield College. Kristi has an extensive background in personal training and fitness instruction, and has been directing and managing Fitness Centers throughout Hartford for over 15 years.



**April Adorno** Fitness Director

April holds a Bachelor's Degree in Physical Education with cross endorsements in Health and Dance, and a Masters in Educational Leadership from Central Connecticut State University. She was a PE, health and dance teacher before shifting into a fitness career. She started with Zumba Fitness and has flourished from there, and is currently a Master Trainer for Jillian Michaels BODYSHRED and for Fierce FUNK, as well as a certified personal trainer, dance teacher and professional dancer.



of interpersonal and problem-solving skills.

After being laid off at Cigna, a year of cosmetology school and getting her certification followed. In 1994, Austin landed a job at D. Willis International Hair Salon in Hartford. Dorothy Willis (and later salon entrepreneur Vivian Akuoko) taught Austin the business side of the salon industry, which included the value of customer service, producing a quality product, marketing and how to balance the books.

By 2000, it was time for this spiritual woman to take a faith walk.

Francine's Salon and Day Spa was opened in an office park on Barnard Lane in Bloomfield. It was not a traditional store-front salon; and some potential investors balked at backing a hair salon with no windows. So, she put up her own money.

"You have to believe in yourself because not everybody is going to believe in what you believe in," Austin said. "I always knew I was going to do this. And I stepped out on faith. We made it work. From a business standpoint, they didn't believe in me because I'm not doing what a typical stylist would do. And here I am 15 years later, and a lot of people who started out in storefronts are no longer in business."

Austin preferred a non-store-front property because there is more privacy and parking for her clients.

"First of all, women don't want to have their hair sticking up in the window and have people walking by," she said. "And I didn't want people walking by and selling me socks or videos. I wanted a place where there was lots of parking."

Of her 50 to 60 clients, most are "corporate wives," professional women and retirees.

The salon business is a word-of-mouth industry. Austin says she prides herself on promptness



PHOTO | STEVE LASCHNER

Austin's brown sugar bourbon barbecue ribs won national acclaim from ABC's daytime culinary show "The Chew."

and keeping her appointments on schedule.

"I get people in and out. I don't play," she said. "You have to figure out the type of clients you want. If you're professional, you'll get professionals."

Some clients have moved out of state, yet still fly in for a session from such places as Florida, Chicago, even a woman from England.

An accomplished cook, Austin attributes her customers' loyalty to the ambiance and environment of her salon — and the fact that she can burn up a kitchen.

Her business, which employs four people, is not so much about hair, feet, nails, facials and massages. Austin sees it more as a sistah-hood and support group — a place where customers can sip a glass of wine and grab a plate of ribs.

There are "martini manicures" and an array of wines at the ready. On Thursdays, clients can expect some home-cooked food — pasta, ribs, collard greens, quiche, apple pie and, during the holidays, egg nog.

Her love of cooking and her vivacious personality recently landed Austin a spot on ABC's popular daytime culinary talk show "The Chew." An Austin client knew one of the show's producers and told her about this loquacious salon owner who makes food a staple of her business.

Austin's brown sugar bourbon barbecue ribs won The Chew's best recipe honors. As a result, Austin's phone and email have been inundated with well-wishes from folks across the country.

The national exposure is also bringing attention to her thriving salon.

The journey continues. ■

*Stan Simpson is the principal of Stan Simpson Enterprises LLC, a strategic communications consulting firm. He is also host of "The Stan Simpson Show" which airs Saturday, 5:30 a.m., on Fox CT — and online at [www.fox61.com/stan](http://www.fox61.com/stan). You can reach him at [stansimpsonenterprises.com](http://stansimpsonenterprises.com)*

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## Q&A

# After latest bankruptcy, Johnson Memorial looks for fresh start

Q&A talks with Stuart Rosenberg, the recently named president of Johnson Memorial Medical Center, which has emerged from bankruptcy and been acquired by Michigan-based Trinity Health.

**Q:** You've been appointed president of Johnson Memorial Medical Center after being interim president for two years. What are some of your short-term goals for the organization?

A: Our short-term goals are to preserve and continue to provide health care for this community and its population. Since emerging from bankruptcy we will continue to stabilize the financial condition of Johnson Memorial given the reimbursement challenges facing all hospitals at the local and national levels. However, by joining with a larger healthcare system, Johnson will lose its entitlement to the funding as a small hospital under the current state guidelines.

Johnson Memorial plans to stabilize itself as part of the larger Trinity Health – New England system. The next goal is to continue on our pathway to advancing our safety goals. Treating our population by being a high-quality, low-cost provider is very important to our overall mission.

Over the last two years as interim CEO we focused on stabilizing Johnson Memorial's financial position along with facility infrastructure improvements, regulatory compliance and IT upgrades. Our goal was to prepare Johnson to be part of a larger system of care.

**Q:** You're in an area with relatively close proximity to Hartford and Springfield. What roles do small community hospitals like Johnson Memorial play? Can the healthcare system afford community hospitals outside urban and large suburban areas?

A: Becoming part of Trinity Health – New England, which already includes Mercy Medical Center in Springfield, Mass. and St. Francis Hospital Medical Center, as a region, we will be providing care for all our populations. The care that we can provide locally makes absolute sense. The confidence comes with knowing that the other hospitals can provide services that Johnson Memorial can't perform locally. You have to look at the region as a whole. I think there is enough business if you start looking at the population we serve from Union to Suffield and add some peripheral towns in Massachusetts, Willington and Tolland. The population expects to have access to health care locally.

With the Trinity Health – New England brand, we believe the community will shift its confidence back to Johnson Memorial. We will have services like urology and teleneurology that we didn't offer before. As the new region takes shape there will be additional physician specialty coverage. It's going to open up some opportunities we didn't have as an independent small community hospital. This gives us more access to 24/7 coverage that we didn't have. You're also going to see telehealth expand in the future.

**Q:** In the last eight years, Johnson Memorial twice filed for bankruptcy. How's the outlook for the hospital going forward after the merger? What's going to be different?



**STUART ROSENBERG**

President,  
Johnson Memorial  
Medical Center

A: The fact that you're not in bankruptcy comes with an advantage in terms of financial strength. The second bankruptcy we had to file so we could complete the acquisition by Trinity Health. Unlike 2008, the financials continue to be in a different position.

Our debt has been restructured and lowered. The structure is a lot different, providing us with financial opportunities. It will give us strength to position us to more favorably negotiate in the marketplace. We're going to have collective strengths we didn't have historically. The brand of Trinity Health – New England will mean a lot to the

Johnson Memorial community as it becomes part of the larger healthcare system.

**Q:** How difficult is it recruiting doctors and other healthcare professionals to your hospital?

A: We've had some challenges in the past in recruiting physicians from some of the specialties. Not everybody wants to be this far away from tertiary centers and access to the best technology. Now with the Trinity Health – New England system coming together, we're able to provide advanced educational opportunities and access to technology. Having that advantage allows us to become more attractive as a healthcare provider.

**Q:** What are some misperceptions about a smaller hospital like yours? How do you overcome them?

A: We had the unfortunate experience of being in bankruptcy. Not only are we small, but before 2012 we were non-affiliated and we were coming out of bankruptcy. We were very close to closing our doors. Since affiliating with St. Francis Hospital and Medical Center in 2012, it has changed the brand of Johnson Memorial. We have improved the quality care by being linked to a large tertiary care hospital.

Now we have the ability to provide the care here safely and with the highest quality. Johnson will advance the quality standards as subscribed by the Trinity Health – New England system. The quality benchmarks of Trinity Health will add significant value to the level of care provided at Johnson. If you come to Johnson for emergency services and need to be transferred to a higher level of care we now have the same electronic health record that can be accessed at St. Francis Hospital. From a patient and physician perspective this is very valuable.

The misconception that smaller hospitals serve limited purposes is simply a misnomer. ■

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## BY THE NUMBERS

\$563.1B

The total value of U.S. healthcare M&A activity in 2015, up a record 45 percent from 2014, according to Norwalk-based Irving Levin Associates Inc.

\$20M

The donation Middletown's Wesleyan University received from its board of trustees chair Joshua Boger, who founded Boston-based Vertex Pharmaceuticals.

40

The weekly number of hours UConn's 1,900 non-teaching staff must work as part of their new contract, up from 35 hours previously.

1.2%

The percentage drop in Connecticut's December median home sale prices, which fell to \$242,000 from \$245,000 a year ago.

## TOP 5 MOST READ

on HartfordBusiness.com

- EB hiring 1,500 CT workers in '16
- Consumer counsel issues report critical of broadband in CT
- Phoenix CFO Malley to be Bronin's ops chief
- CT state auditors seek greater powers
- Hartford medical office manager gets prison for tax evasion

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## TOP STORY

## Two state college presidents leaving

Connecticut's public higher-education system will lose two college presidents this year.

John W. Miller will retire as president of Central Connecticut State University (CCSU) effective Sept. 15, and Mary A. Papazian will resign as head of Southern Connecticut State University (SCSU) July 1.

Papazian is leaving to be president of San José State University in California.

The turnover comes as the Connecticut State Colleges and Universities System, which encompasses 17 colleges and universities, faces myriad challenges, including declining state funding and enrollment, as well as contentious collective-bargaining negotiations with 7,300 teachers.

Miller began his tenure as CCSU president in 2005. He was the 12th president of CCSU, the oldest publicly supported institution of higher education in Connecticut founded in 1849. During his tenure, Miller is credited with increasing the university's endowment from \$20 million in 2005 to \$63 million in 2015.

He also increased the university's six-year graduation rate from 40 percent in 2005 to 57.3 percent in 2015, and increased minority enrollment from 11 percent in 2005 to 31 percent in 2015. A new MBA program and majors in engineering, nursing and teaching, were also initiated.

Papazian became SCSU's president in 2011. During her tenure she established a student success taskforce that enhanced student services and support, and the first presidents commission on campus climate and inclusion.

She also established the Office for STEM innovation and Leadership, where SCSU's new science, technology, engineering and math (STEM) programs were created.



John W. Miller, president, Central Connecticut State University



Mary A. Papazian, president, Southern Connecticut State University

## TELECOMMUNICATIONS

## Industry execs critical of CT broadband report

The New England Cable and Telecommunications Association (NECTA), Frontier Communications and Comcast voiced criticism last week over a report issued by the Office of Consumer Counsel criticizing high-speed broadband services in Connecticut.

Paul Cianelli, NECTA president, said the report is wrong, arguing it relied on hand-picked samples that it then extrapolated to include the entire state.

The report, "A Brief Overview of Broadband Deficiencies in Connecticut", claimed serious broadband challenges in the state including deficient speeds, limited or no affordable competitive options for broadband services for businesses in urban areas, delays in service, and a significant need for investments to upgrade service.

Cianelli said the facts are completely different, with the state ranked high for its broadband speeds, which he said have increased annually for the past 14 years. "Those numbers just don't seem to add up," he said, adding there is a high penetration of broadband service in Connecticut. "We are pretty ubiquitous," he added.

Consumer Counsel Elin Katz didn't respond for comment.

## ECONOMY &amp; LABOR

## Malloy names new labor, DMV commissioners

Gov. Dannel P. Malloy has reached into the Office of Policy and Management (OPM) to name his new labor commissioner. Scott Jackson, the undersecretary for intergovernmental policy within OPM and former mayor of Hamden, is the governor's choice to lead the labor department. Kurt Westby of Middletown will serve as deputy commissioner of the agency.

Meantime, Dennis Murphy, who has twice been acting commissioner of the state Department of Labor, is now the acting commissioner of the state Department of Motor Vehicles starting Feb. 12.

Jackson was in his third term as Hamden mayor when Malloy selected him to work in state government in March 2015. He served at OPM for slightly more than nine months before being named labor commissioner.

Jackson will begin serving as commissioner on Feb. 3. He will succeed Sharon Palmer, who retired from the position in December.

Murphy joined the labor department in Jan. 2011. He replaces Andres Ayala, who quit recently amid heavy criticism for his management of DMV's IT changeover.

## OSHA seeks to fine Lake Compounce \$70K

The Occupational Safety and Health Administration is suggesting up to a \$70,000 fine for Bristol's Lake Compounce, alleging the amusement park's employees were exposed to chemical, burn and respiratory hazards from spraying coatings on park equipment and working with caustic chemicals in the park's paint room.

In a statement, Warren Simpson, OSHA's area director in Hartford, said these conditions exposed Lake Compounce employees to serious burn, fire, chemical burn, electric shock and eye, face and hand injuries. "The employer must act promptly to effectively eliminate these hazards before they injure its employees," he said.

The amusement park was cited for 18 serious violations of workplace safety standards. OSHA is proposing penalties of \$70,200.

Lake Compounce, said in a statement, it is working with OSHA to address a number of concerns raised.

## EDUCATION

## UConn, union agree to new contract

UConn non-faculty staff and the administration have reached an agreement on a new five-year contract, which begins July 1, 2016.

Employees will receive 2 percent pay increases the first year, followed by 1 percent the next four following years of the five-year contract. Funds have also been set aside for merit-pay increases.

In exchange, employees agreed to increase their workweek from 35 hours to 40 hours over the life of the contract beginning in July 2017. That's in line with what other state agencies currently work. Workers will receive an additional 2.5 percent bump in pay for each 1.25 hours added to the work week annually. Employees hired after July 1, 2016 will start at 40 hours and will not receive additional pay.

Payment for layoffs has also been reduced. Previously, employees were required to receive either 12-months notice or payment equal to 12 months of their salary. Now, they will only be paid for six months, or given 12-months notice.

Employees can also now separate from employment with 60 days of vacation time, up from 44. Another change is employees fired for misconduct can receive no vacation payout.

## TECHNOLOGY



Jerry Long (left) and partner Joe Singh have sold PCC Technology Group to a New Orleans-based tech firm.

## Windsor's PCC Technology Group acquired

New Orleans technology company GCR Inc. has acquired PCC Technology Group of Windsor. No financial details were disclosed.

PCC is a national provider of government software products for business registration, business one-stop (tax, revenue and labor filings), election administration, campaign finance, and right-of-way and property acquisition management. GCR said its acquisition broadens its product offerings and expands its customer base in 44 states.

In 2014, PCC Technology Group took part in one of Greater Hartford's largest realty deals when it leased 16,000 square feet at 100 Northfield Drive in Windsor.

## SPORTS &amp; OUTDOORS

## Rockies commit to Yard Goats through 2018

The Colorado Rockies have announced a player-development contract extension for another two years with the Hartford Yard Goats. It will keep the two teams together through the 2018 season.

The Colorado Rockies, a Major League Baseball team based in Denver, provides the Yard Goats with players and coaching staff each season. The original agreement signed in the fall of 2014 was set to expire at the conclusion of the 2016 season.

This is the first season the team is playing under the Yard Goats moniker. It was formerly known as the New Britain Rock Cats before relocating to Hartford. The team's Hartford home opener has been delayed until at least May 31 because of ongoing problems with the construction of Dunkin' Donuts stadium just north of downtown Hartford. The Yard Goats begin their inaugural season on April 7 in Richmond, Va., against the Richmond Flying Squirrels.





The Sheraton Bradley Airport Hotel in Windsor Locks.

## GAMING

### Gaming could occupy rooms at Sheraton Bradley

As part of its effort to land a casino in or around Bradley International Airport, the Connecticut Airport Authority has struck an intriguing arrangement with the Sheraton Bradley Airport Hotel.

According to airport authority Executive Director Kevin Dillon, the Sheraton has agreed to turn over some of its hotel meeting/ballroom space for a time to house table games and other gambling until permanent Bradley gaming facilities could be erected.

Doing so, Dillon told a Crew CT/The Real Estate Exchange audience at The Society Room in downtown Hartford last week, would enable airport gaming to get underway at least six months ahead, if not around the same time, that the \$925 million MGM Casino in nearby Springfield is scheduled to open.

Dillon didn't offer specifics about the arrangement, including whether or how much the Sheraton would collect in rent or other fees as a temporary gaming host.

Dillon said the airport authority is pitching several Bradley sites for a casino, including erecting one atop the proposed new transportation center to be situated on the grounds of former Terminal B, which

will be completely razed by late March, early April. East Hartford, East Windsor and Hartford also are vying to have Connecticut's native tribes choose them to host a competing gaming site to Springfield.

## MANUFACTURING

### UTC boosts profitability amid falling revenues

United Technologies Corp. reported a drop in revenues across all four of its businesses but a significant jump in profit for the fourth quarter and 2015.

The Farmington-based conglomerate's 2015 annual net income was \$7.6 billion compared to \$6.2 in 2014. Fourth quarter net income was \$3.3 billion versus \$1.5 billion in 2014.

UTC's sales fell 4.5 percent to \$14.3 billion.

President and CEO Gregory Hayes said in a statement UTC took "decisive actions" to streamline its business with the \$9 billion sale of Sikorsky to Lockheed Martin, and by returning over \$12 billion to shareholders. Currency headwinds, however, hurt the company's revenues.

UTC is targeting \$22 billion of total shareholder returns through share repurchases and dividends from 2015 through 2017. Hayes added that UTC's organizational structure was streamlined and a \$1.5 billion restructuring plan was put in place.

### EB hiring 1,500 CT workers in '16

Groton submarine-builder Electric Boat says it will hire about 1,500 Connecticut workers this year.

EB President Jeffrey S. Geiger made the disclosure last week at the company's annual legislative forum at the Mystic Marriott, according to Congressman Joe Courtney's office. Separately, an EB spokesman confirmed the projected hiring estimate.

Counting attrition, the additional hiring will result in about 840 net new jobs in trades, design and engineering and support programs at EB, Courtney said. EB spokesman Timothy Boulay said another 300 will be hired at EB's shipworks in Rhode Island.

## WHAT'S AHEAD:

- 2/8 Focus: **Nonprofits**
- The List: **Largest Foundations**
- Nonprofit Profile: **The Bushnell**

## CALENDAR

WEDNESDAY, FEB. 10

### Risk-Intelligence Compliance Seminar



Robert Bird

The UConn School of Business in Hartford is hosting its first in a series of spring thought-leadership seminars Feb. 10, on risk-intelligence compliance.

The program, which runs from 7:30 a.m. to 8:45 a.m. at UConn's Graduate Business Learning Center, 100 Constitution Plaza, Hartford, will feature business law professor **Robert Bird** as the keynote speaker.

Bird will discuss how to make compliance decisions within the confines of limited time and resources and how firms can best achieve their compliance goals and promote compliance as a source of innovation.

The program is free, but registration is limited. For more information or to register contact: Amanda Spada at 860.486.5498, or email [Amanda.Spada@business.uconn.edu](mailto:Amanda.Spada@business.uconn.edu).

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# 2016 business-policy issues to watch

PHOTO | PABLO ROBLES



Members of the legislature's tax panel listened to various constituents, including Joe Brennan of the Connecticut Business & Industry Association, about tax changes they'd like enacted.

By Matt Pilon and Greg Bordonaro

mpilon@HartfordBusiness.com, gbordonaro@HartfordBusiness.com

**P**rior to each legislative session, the non-partisan Office of Legislative Research (OLR), in consultation with the Office of Fiscal Analysis and Legislative Commissioners' Office, puts out a report identifying important issues the General Assembly may tackle. The Hartford Business Journal picked out some of the issues discussed in the report that could impact businesses in the four-month session that begins this week.

## Local government fiscal pressures:

A number of groups have been examining policy options to address the rising cost of providing local services and the uneven distribution of the property tax base across the state, which creates significant fiscal imbalances among cities and towns. In 2016, the legislature may consider policy change recommendations from the General Assembly's tax panel and other groups, which could include proposals to diversify municipal revenue sources, improve property tax administration, adjust state grant funding formulas to equalize fiscal disparities across municipalities, and encourage cities and towns to cut costs by collaborating on activities and delivering services regionally.

## Paid family and medical leave:

Last session included an unsuccessful bill that would have expanded protections

under the state's family and medical leave law to all employees. Current law exempts manufacturers and companies with less than 75 employees. Lawmakers opted to ask the state's Labor Department to craft a plan for implementing a paid family and medical leave program and to actuarially determine the employee contributions needed to ensure financial sustainability. That report is due this week, OLR noted, and it will be up to the legislature on how it acts on the recommendations.

## Digital taxes:

One proposal that's been on the table in several recent sessions is new or expanded taxes on digital goods and services. Last year lawmakers voted to raise the sales tax on data processing and computer services from 1 percent to 3 percent, drawing the ire of insurance companies and others. The tax, however, didn't make it through a special session in late June.

OLR said in its report that possibilities this year, or in future sessions, might include expanding the range of services and digital goods subject to sales and use tax, launching efforts to better capture sales and use tax from out-of-state sellers and taxpayers, and considering potential tax streams from evolving business models, such as cloud computing and virtual currencies.

## Zero-emissions vehicles:

During the 2015 United Nations Climate Change Conference in Paris, 13 European and North American governments, including Connecticut, announced their intention to make all new passenger vehicles in their jurisdictions zero-emissions vehicles (ZEVs) by 2050. Connecticut and six other states have also committed to putting a combined 3.3 million ZEVs on the roads by 2025.

Given those pledges, OLR predicted that lawmakers may consider proposals to further encourage ZEV adoption, such as sales tax waivers and free access to travel lanes and parking in some locations.



Several towns including East Windsor and East Hartford are vying to land the state's third casino in their backyards.

## Gaming:

Last year lawmakers passed a bill that partially paved the way for a joint venture of the Mohegans and Mashantucket Pequot to construct a third Connecticut casino. The effort will need additional legislative action, OLR noted, thought it wasn't clear as of late last week whether the joint venture, called MMCT, would be ready to decide where it wants to build a new gaming center. MMCT said in December that it needed more time to work out a site selection deal with one of several contending communities.

Following recent developments in New York, where there has been a crackdown on fantasy sports wagering, OLR said Connecticut may also seek to determine if such websites are legal in this state, and if so, whether they should be regulated and taxed.

## Ridesharing:

An attempt to regulate ride-sharing companies like Uber and Lyft, which offer a mobile app that allows customers to call for a driver, failed in the Senate last year. Soon after, in August, Uber won dismissal of a lawsuit filed by Connecticut taxi and livery companies,



San Francisco ride-sharing firm Uber recently started offering its app-based taxi services in Greater Hartford. Lyft, another California ride-sharing company, is offering services in Fairfield and New Haven counties.

which argue that such services are unfair and unregulated competition. OLR said the legislature may consider ride-sharing regulation again this year, and that recent changes in the ride-sharing business model — including a new carpooling model and the expansion of liability insurance options — may play a role.

## Reverse Mortgages:

In the 2015 legislative session, a bill that would have subjected reverse-mortgage lenders to counseling requirements, died in the Senate. The matter may arise again this year, OLR said.

## Other issues

OLR didn't mention the following issues, but they're likely to come up, based on recent comments from policymakers.

**Public-retirement plan:** Senate President Martin Looney and Comptroller Kevin Lembo appeared at a rally last month with AARP officials supporting the creation of a public-retirement plan. The Retirement Security Board has been studying the proposal for the past two years. Republicans and the Connecticut Business & Industry Association oppose the plan, saying it would compete with private financial services companies.

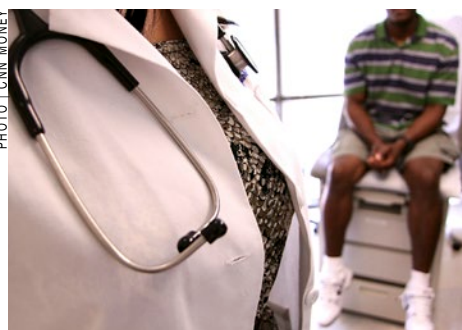
**Tesla to try again:** High-end electric vehicle manufacturer Tesla announced in November that it would be back for a second try at convincing Connecticut lawmakers to allow it to sell its vehicles in the state directly to customers, rather than through dealership franchises. The measure was opposed by auto dealers, who say their business model offers more consumer protections.



Tesla, whose electric vehicle is shown above, is pushing the state legislature to allow it to sell directly to consumers.

**Prevailing wage:** Senate Minority Leader Len Fasano (R-North Haven) said he wants to increase the wage threshold for the prevailing wage to save towns and cities money. Prevailing-wage laws require workers on public works construction projects to receive the same wage that is customarily paid for the same work in the project's town. Currently, Connecticut's prevailing wage kicks in when a public works project's contract value meets or exceeds \$400,000 for new construction and \$100,000 for remodeling. Last year, Republicans tried increasing those thresholds to \$5 million and \$2 million, respectively, but failed.

PHOTO | CNN MONEY





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Largest lobbying firms in Connecticut

(Ranked by number of registered clients as of Jan. 2016)

Rank	Company	No. of registered clients	No. of registered lobbyists	Major clients	Person in charge/ title
1	Gaffney, Bennett and Associates Inc. 1 Liberty Square, 2nd Floor New Britain, CT 06051 860-229-0301; www.gbact.com	70	9	GE, Bank of America, Pitney Bowes, NBC Universal, WalMart, Eversource, Frontier	Jay F. Malcynsky Managing partner
2	Capitol Strategies Group LLC 36 Trumbull St. Hartford, CT 06103 860-293-2581; DND	49	3	Citigroup, Alexion Pharmaceuticals, Microsoft	Patrick McCabe PJ Cimini Partners
3	Gallo & Robinson LLC (1) 227 Lawrence St. Hartford, CT 06106 860-247-4322; gallorobinson.com	38	4	Legal Assistance Resource Center of CT, American Association of University Professors-CT State University, American Civil Liberties Union of CT, Partnership for Strong Communities	Betty Gallo Kate Robinson Partners
3	Murtha Cullina LLP Government Affairs Group 185 Asylum St. Hartford, CT 06103 860-240-6000; www.govtaffairsgroup.com	38	4	General Motors, IBM, Enterprise Rent-A-Car, DuPont, Brescome Barton, TIAA-CREF, Maximus, CT Hospice, Memorial Sloan Kettering, Emera	David McQuade Sr. government affairs consultant
5	Hughes & Cronin Public Affairs Strategies Inc. 700 Plaza Middlesex Middletown, CT 06457 860-347-9955; www.hughesandcronin.com	37	4	CT Catholic Hospital Council, Kimberly Clark, CT Package Stores Association, American Chemistry Council, American Petroleum Institute, CT Police Chiefs Association	Carroll J. Hughes President
6	Levin, Powers, & Brennan LLC 40 Hungerford St. Hartford, CT 06106 860-278-8000; lobbyct.com	34	6	ESPN, Yale New Haven Health System, Dominion Resources, Connecticut Restaurant Association	Mark Brennan Managing partner
7	Kowalski Group LLC 53 Russ St. Hartford, CT 06106 860-246-4346; www.thekowalskigroup.com	33	4	American Express Travel Related Services Company Inc., Fresenius Medical Care North America, Johnson & Johnson Services Inc., Radiological Society of Connecticut Inc.	Linda A. Kowalski President
7	Rome Smith & Lutz 21 Oak St., Suite 207 Hartford, CT 06106 860-527-5477; www.romesmithlutz.com	33	6	Mohegan, Pfizer, CT Realtors	Peter Smith Katherine Lutz Partners
7	TCORS Capitol Group LLC 330 Main St., 3rd Floor Hartford, CT 06106 860-541-6438; www.ctcapitolgroup.com	33	2	Sportech Venues, Centurion Managed Care, Quest Diagnostics, Scientific Games, Indivior PLC	Alan J. Deckman President
10	Sullivan & LeShane Inc. 287 Capitol Ave. Hartford, CT 06106 860-560-0000; www.ctlobby.com	32	4	Lexis Nexus, Coca Cola Refreshments, NRG Energy, NRG Retail, NRG Renewables, MGM Resorts International, Surgical Care Affiliates, Toy Industry Association, Pro Health Physicians, CT State Medical Society, Middlesex Hospital, Early Care and Education Consortium, Hartford Distributors	Paddi LeShane CEO
11	Brown Rudnick Government Law & Strategies 185 Asylum St., 38th Floor Hartford, CT 06103 860-509-6500; www.brownrudnick.com	28	6	Cablevision Systems Corp., Anheuser-Busch, Uber, T-Mobile, CMEEC, Bloom Energy, UIL Holdings	Thomas Ritter Partner
11	Robinson+Cole 280 Trumbull St. Hartford, CT 06103 800-826-3579; www.rc.com	28	5	CIGNA Corp., United Technologies Corp., Yale University	Keith J. Stover Chair, Government Relations Group
13	Reynolds Strategy Group LLC P.O. Box 271766 West Hartford, CT 06127 860-308-2388; www.rsgllc.com	26	2	Amazon, CVS Health, Eversource, St. Francis Hospital and Medical Center	Kevin N. Reynolds Principal
14	Halloran & Sage Government Affairs LLC One Goodwin Square 225 Asylum St. Hartford, CT 06103 860-522-6103; govaffairs.halloran-sage.com	24	3	CMIC, CT Beer Wholesalers Association, International Gaming Technology, CT Society of Eye Physicians, CT Orthopedic Society, American International Group, American Cancer Society	William J. Malitsky Managing partner
15	International Government Strategies LLC 9 Depot St. Milford, CT 06460 203-605-2453; igovstrategies.com	23	5	Scott's, Honeywell, Coverys, CT State Police Union, Shoreline Star	Jim Amann Managing partner
16	Camilliere, Cloud & Kennedy 433 S. Main St. West Hartford, CT 06110 860-561-5970; www.cckgov.com	20	3	Bristol Hospital, Harvard Pilgrim Health Care, MassMutual, Mylan Pharmaceuticals, Wheeler Clinic	Tony Camilliere Managing partner
17	Capitol Consulting LLC 23 Viola Drive East Hampton, CT 06424 860-833-2198; capitolconsultingct.com	19	1	Accenture, ADP, eBay, StubHub, CT Funeral Directors Association, Outdoor Advertising Association of CT	Michael Dugan President
18	Evans & Associates LLC 100 Pearl St., East Tower, 2nd Floor Hartford, CT 06103 860-202-3944; ctlobbyists.com	18	7	Wells Fargo Bank, Fuel Cell Energy Inc., United Services Inc., Companion & Homemakers Inc., CT Nurse Practioners, Propane Gas Association of NE	David Evans CEO
19	Graff Public Solutions LLC 100 Wells St., 2H Hartford, CT 06103 860-761-8520; www.graffps.com	17	2	National Popular Vote, Community Health Resources, Serve Here CT, The Learning Clinic, Connecticut Historical Society	Kevin P. Graff Principal
19	Przybysz + Associates Government Affairs (2) 50 Goodwin Circle Hartford, CT 06105 860-523-4850 ; www.klpgovaffairs.com	17	2	Association of CT Ambulance Providers, Hartford Healthcare Corp., Wallingford Electric Division, CT Association of Healthcare Facilities	Kenneth Przybysz President
19	Roy & Leroy P.O. Box 270841 West Hartford, CT 06119 860-930-2138; DND	17	2	Altria, CBIA, Aetna, Travelers	Craig Leroy Principal
22	Schepker & Associates LLC P.O. Box 270068 West Hartford, CT 06127 860-604-4749; DND	15	2	Aflac, Accenture	Anita Schepker Principal
23	Kozak and Salina LLC 40 Cold Spring Road Rocky Hill, CT 06067 860-305-8183, 860-836-1158; www.kozakandsalina.com	13	2	Cornell Scott Hill Health Center, Thomas Hooker Brewery, University of St. Joseph, CohnReznick	David J. Kozak Adam P. Salina Principals
23	Statehouse Associates LLC 304 West Main St., #205 Suite 2 Avon, CT 06001 860-256-8295; www.statehouseassociates.com	13	2	DND	Andrew E. Markowski Principal
25	Judith Blei Government Relations 104 Hungerford St. Hartford, CT 01606 860-293-0446; www.jblei.com	12	4	Connecticut Farm Bureau, American Academy of Pediatrics	Judith Blei Principal

Source: Connecticut Office of State Ethics, individual firms and their websites. DND = Did Not Disclose.  
(1) Formerly called Betty Gallo & Co. LLC.  
(2) New name as of Jan. 1, 2015. Formerly called Kenneth L Przybysz LLC.  
—Compiled by Stephanie R. Meagher.



## Q&A

# Lobbying in CT has become a '24/7' business

Q&A talks about changes in the lobbying industry with Jay Malcynsky, co-founder and managing partner of Gaffney, Bennett and Associates Inc. in New Britain.

**Q: You're a veteran lobbyist with 30 years experience at the State Capitol. What are some of the biggest challenges to being a lobbyist now as compared to the 1980s when you started?**

A: Much has changed over the past 30-plus years. One of the biggest catalysts was the construction of the legislative office building, which ushered in an era of increasing numbers of staff and resources for individual legislators. More resources translated into more legislative business. Consequently, being in the legislature has become more and more demanding of your time.

Legislators are nearly full time today. Not only do they meet in formal session for four to six months per year, but there are often additional special sessions. Additionally, lawmakers are serving on task forces, blue-ribbon commissions, study groups, special commissions, etc., all of which meet throughout year.

As a lobbyist you need to follow the whole process and participate in those additional activities on behalf of your clients. It makes the responsibilities and demands on your time more and more significant. A lobbyist who also practices law or runs another business is almost unheard of today. It's a 24/7, 365-day endeavor.

There are also fewer and fewer people that can afford the time to hold down another career outside employment and also function effectively as a legislator. The rigors of being a legislator are too demanding.

**Q: What's your perception of lobbying laws in Connecticut? Are they difficult to follow? Do they hinder your ability to practice your profession in any way?**

A: The lobbying business has become more heavily regulated with increasingly comprehensive laws and regulations governing the activities of lobbyists and their clients. Alongside these new ethics laws are very limiting and complicated guidelines restricting lobbyists' participation in the electoral process and campaign financing.

Putting aside whether you agree with the rationale for new laws and regulations, which I do, they have the effect of adding another layer of required time and effort (to ensure compliance) in an increasingly demanding climate. Obviously, the ramifications for not following the rules can be severe, so you have to take compliance very seriously.

**Q: What will be some of the top issues in the short session starting Feb. 3?**

A: Unfortunately, I think the budget and the fiscal concerns facing our state will dominate the discussions at the Capitol in 2016. There will be potential adjustments to the budget, discussions of more cuts in

spending, maybe looking at changes to the tax system, etc. Hopefully, the state's economy will continue to rebound and provide relief from those discussions.

Transportation will continue to be top of mind, given the recent work of the finance task force and Governor Malloy's prioritization of that issue. Making Connecticut "business friendly" will be a constant refrain.



**JAY MALCYNKY**

Co-founder and managing partner, Gaffney, Bennett and Associates Inc.

**Q: The lobbyist registration threshold has increased to \$3,000 from \$2,000, meaning a person who receives or spends \$3,000 or more for lobbying activities must register as a lobbyist. Does this change have much of an impact on professional lobbying?**

A: I don't believe there will be a big impact with that change. There may be a few less people or entities that have to register their activities, but

if you are involved in a significant issue at the Capitol, it doesn't take long to reach the \$3,000 threshold.

**Q: Also interesting is a new law that redefines lobbying expenditures. The cost of transporting members, shareholders and employees to and from a specific site, like a State Capitol rally, no longer has to be considered an expenditure. Does this give an unfair advantage to large special-interest groups like unions?**

A: Unions are only one of a number of organized groups that bring large numbers of people to the Capitol to lobby. As you mentioned, shareholders, employees, associations (package store owners, small business organizations, Realtors, doctors and hospital employees, etc.) employ the tactic of organizing their members to come to rallies, hearings and meetings as a show of force. They will continue to do so whether they have to report it or not (depending on whether they hit the \$3,000 threshold).

**Q: What are your thoughts on exempting officials and employees of Connecticut's quasi-public agencies from the term lobbyist? It seems as if they are doing the same job as lobbyists. Is it just a semantic distinction, or does it give public authorities a leg up?**

A: On the one hand you could say that a lobbyist is a lobbyist; whether they work for a nonprofit, union, bank or state agency. Having said that, individuals that are advocating on behalf of government agencies and public policymakers probably should be afforded somewhat different treatment under the rules. Certainly, everyone at the Capitol knows the difference between information coming from a state agency or quasi-public agency, and a private business or commercial enterprise advocating for their very narrow interests.

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**Omar Rada, Co-Founder, Misen (Pending)**  
Raised over \$1 million on Kickstarter.



**Fredrick McKinney, Ph.D.**  
Earned a Ph.D. in economics from Yale University.



**William W. Bouton III, Attorney and Partner, Hinckley Allen**  
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# American Freight Furniture bows in S. Windsor

**A**merican Freight Furniture and Mattress has opened its second central Connecticut discount warehouse store in South Windsor.

Set to debut last Friday, the 22,000-square-foot store at 1315 John Fitch Blvd. — formerly home to Nassau Furniture — stocks a wide selection of furniture and bedding picked up from factory closeouts, retailer buyouts, dealer cancellations and others, according to the 22-year-old Delaware, Ohio, retailer's homepage.

The South Windsor location will employ up to 10 workers, spokeswoman Lauren Fleming said. Bryant Horton is the store's manager.

American Freight's other Connecticut store is at 1930 Silas Deane Highway in Rocky Hill. The retailer has 118 stores nationwide.

"We are open-minded about opening more stores in Connecticut," Fleming said via email. "We may look to open one more store, but not sure about the location."

## AI's Hfd. project on hold



Former Broadcast House site downtown.

Middletown engineer-developer Abul Islam has put a hold on his ambitious plan to erect a 48-unit, 10-story apartment/retail building on the former Broadcast House site in downtown Hartford's Constitution Plaza.

"I wouldn't say dead," AI Engineers Inc. General Counsel Michael Patenaude said in response to a query about the previously estimated \$17.7 million project's status. "The project is still there. We are working on it."

Patenaude blamed greater-than-expected financing and construction costs for indefinitely sidelining the development.

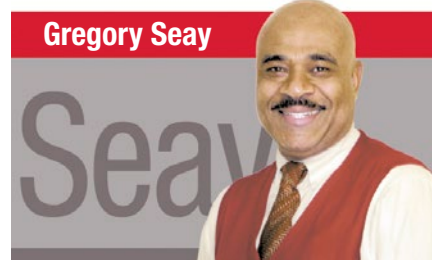
He said Islam and officials with the Capital Region Development Authority agreed that the quasi-public agency's previous funding commitment for \$4.2 million toward development of the apartment tower would be distributed to other regional development projects. However, the door remains open for Islam to renew his funding request, Patenaude said.

AI Engineers officials were due to meet with Hartford's mayor late last week, he said, to discuss options for the 0.55-acre site at 200 State St. The city had pledged nearly \$1 million to the project.

Among the project options, Patenaude said, is continuing with the original apartment development plan for the site, or possibly erecting a dormitory to house UConn or other college students downtown. UConn is moving its West Hartford campus to downtown in 2017.

In addition, University of St. Joseph and Capital Community College have center-city campuses, and, eventually, so

Gregory Seay



will Trinity College, which bought and is renovating the former Travelers Education Building in Constitution Plaza.

Islam in December 2008 originally aired his plan for a \$40 million, 13-story office tower to house his and other businesses, plus retail. A year later, he submitted revised plans calling for a 15-story, \$53 million primarily residential tower that would add 195 affordable and market-rate rental units in the heart of downtown.

## E. Windsor price cut

A vacant industrial building for sale in East Windsor is still on the market but at a reduced price of \$649,000, down from \$750,000, brokers say.

The 17,680-square-foot building on 1.84 acres at 54 Newberry Road has a 1,000-amp power supply, and a combination ground-level and dock-height door.

Hartford's Sentry Commercial is listing broker.

## N. England Scaffolding renews



522 Cottage Grove Road, Bloomfield.

New England Scaffolding Inc. renewed its 10,000-square-foot industrial lease at 522 Cottage Grove Road in Bloomfield.

Kinneret Associates L.P. owns the 64,000-square-foot industrial complex on 22.3 acres.

Sentry Commercial was sole broker.

## Cutter adds Vernon space

Municipal construction manager-general contractor Cutter Enterprises LLC has expanded into Vernon Industrial Place, to house a new business venture.

Cutter now occupies 12,000 square feet of the six-acre multi-tenant industrial facility at 77 Industrial Park Road. Details about Cutter's new venture could not be immediately obtained.

Cutter's construction management and general contracting operations remain housed just down the road, at 105 Industrial Park Road.

The Mel-Pet Realty Co. owns Vernon Industrial Place.

Sentry Commercial was the sole broker in this transaction.

*Deal Watch wants to hear from you. E-mail it, along with contact information to: [gseay@HartfordBusiness.com](mailto:gseay@HartfordBusiness.com). Gregory Seay is the Hartford Business Journal News Editor.*



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## Coffee prices fall, but Starbucks latte won't cost less

By Patrick Gillespie  
CNMMoney

**T**he commodity crash is coming to your local cafe.

But don't expect to save any money.

Prices for coffee beans are at their lowest point in nearly two years. A pound of Arabica coffee — the type Starbucks buys and serves to customers — has fallen to around \$1.11 from \$1.65 a year ago. That's a 33 percent drop.

Officials in Brazil forecast that coffee farmers will have a huge harvest season this year, creating an oversupply of beans, which has led to the drop in prices. But no one expects latte prices to come down.

"You'll never really see anyone cut menu prices," says Peter Saleh, an analyst at research firm BTIG, who covers Starbucks.

Why?

"You're seeing a pretty big rise in wages, which is the other component of making your coffee," Saleh pointed out.

He has a point. States and cities across the country, including Connecticut, have been increasing the minimum wage. That affects all stores — from the local coffee shop to the McDonald's and Starbucks of the world.

However, it's worth remembering that in 2014, when coffee-bean prices were rising, Starbucks, Dunkin' Donuts and other coffee brewers raised menu prices, citing the increasing cost of the commodity.

But now the reverse is not true.

In fact, Starbucks slightly raised its menu prices last July even as coffee-bean prices were falling. It cited rising costs.

True, minimum wages are rising. And rents have also been going up in many markets, at least for Starbucks, Saleh said. Starbucks has also begun to pay college tuition for 4,000 of its employees.

Those additional costs offset any gains Starbucks may get from the coffee bean price collapse.

Analysts say coffee beans only make up about 20 percent of Starbucks' overall costs.

Starbucks says its menu prices depend on a variety of factors and a spokesperson declined to discuss future menu prices, citing competitive reasons.

A Dunkin' Donuts spokesperson says the company offers price recommendations to its independent franchisees but ultimately they choose what they charge at each individual store.

Hope isn't all lost. At least not for people who buy their coffee at the supermarket.

Last year, J.M. Smucker cut prices by 6 percent for Folgers and Dunkin' Donuts coffee sold at grocery stores. Starbucks could do the same for its store-sold coffee, says R.J. Hottovy, an analyst at Morningstar.

But you can continue to expect Starbucks cafes to charge those higher prices.

Why? Because it can.

"Starbucks is able to charge those prices [because] consumers are willing to pay for it," says Hottovy. ■

from page 1

# Deficits will dominate session

current fiscal year's budget during a December special session.

It remains uncertain whether Democratic leaders will attempt larger structural state-budget reforms, as businesses and Republican policymakers are seeking, or simply close deficits projected for this and the next fiscal year. One important factor is that legislators face an election nine months from now.

Healthcare mergers and their potential impact are also expected to undergo continued scrutiny this session, while funding decisions on Gov. Dannel Malloy's transportation infrastructure plan, including the potential adoption of highway tolls, could be pushed out to 2017. It was unclear as of press time if there would be any legislation this session allowing a third casino in the state.

Brian Flaherty, senior vice president of public policy at the Connecticut Business & Industry Association (CBIA), said he hopes lawmakers begin to take a longer-term view of the budgeting process this session.

"Look at the horizon ... look for long-term structural changes," Flaherty said. "For too long the numbers have driven policy. We want the policy to drive the numbers."

Budget and tax uncertainty was one of several reasons cited by General Electric in its decision to move its headquarters from Fairfield to Boston.

Senate Minority Leader Len Fasano (R-North Haven) and his House counterpart, Rep. Themis Klarides (R-Derby) are pushing the Democratic majority to support bigger budget changes this year, including separating pensions from state labor contracts, enacting a plan to control rising long-term pension debt (a process the Malloy administration kicked off last year), and strengthening the state's constitutional-spending cap, which was deemed unenforceable several months ago by Attorney General George Jepsen.

"This is not just 'let's do what we have to do to get to the election,'" Klarides said.

Fasano said he doesn't hold out much hope that Democrats will make major structural changes this year, given the looming election.

"They'll just wait," he said. "In our view, they need to tackle it now."

The \$350 million budget hole legislators patched in December has opened up again, growing from \$7 million to \$72 million, according to projections from the nonpartisan Office of Fiscal Analysis (OFA).

OFA has also projected a more than \$500 million deficit for the fiscal year that begins July 1, which legislators must tackle this session.

Senate President Martin Looney (D-New Haven) said the legislature will likely have to rely on spending cuts to close the gaps. "I don't see at this point any sort of groundswell in support of a tax increase in 2016," Looney said.

He said ongoing negotiations with state labor unions will also be important to controlling costs.

Office of Policy Management (OPM) Secretary Benjamin Barnes told an audience of social-service advocates last week that he doesn't anticipate any tax-increase proposals in Gov. Dannel P. Malloy's budget plan to the legislature.

Malloy is expected to shed more light on his legislative priorities in his annual State-of-the-State address Wednesday to kick off the session.



Sen. Martin Looney (D-New Haven, left) and Len Fasano (R-North Haven) plan to scrutinize healthcare mergers.

Barnes did say, however, that the legislature will have its hands full managing the deficit.

### CBIA proactive on biz mandates

While businesses may be spared tax increases this year, CBIA has sought to build early momentum in opposition to business mandates that are likely to be raised in some form over the next several months.



Rep. Themis Klarides (R-Derby)

The association sent a letter to lawmakers last month signed by nearly 70 chambers of commerce and industry associations urging legislators to reject any bills seeking to establish a state-sponsored retirement plan, expand existing laws on paid family and medical leave, penalize employers who pay their workers less than \$15 per hour, or that govern how far in advance employers must provide work schedules to employees.

"It is critical to Connecticut's businesses that the perpetual threat of new and expanded labor mandates ends now," the letter reads.

CBIA said labor mandates adopted in recent sessions — including paid sick leave and minimum-wage increases — have hurt employers.

Democrats have pushed back against criticism of sick leave, citing a 2014 study by the Center for Economic Policy Research that found nearly two-thirds of Connecticut businesses had small or no cost increases as a result of the state's recently changed law.

CBIA's Flaherty said his members want to ensure the state can continue to grow jobs, just as the private sector finally regains all the positions lost during the 2007-2009 recession.

"We're looking for the state to redouble its efforts so that they don't make it harder to maintain the jobs we have," he said.

Flaherty also struck a positive note, saying that despite the state's low position in a number of business rankings, it has a strong

workforce and high quality of life.

"That needs to be affirmed and protected," he said.

Asked about whether legislators felt pressure to respond in some way to GE's departure, Looney pointed to a law passed last year that caps motor vehicle excise taxes at 32 mills. The impacts of that change will start to be felt later this calendar year, particularly for those in cities like Hartford.

"The car tax component will be a tremendous benefit to businesses with fleets of vehicles in high-mill communities," Looney said. "I think we're always interested in helping businesses."

### Healthcare scrutiny

One area of bipartisan agreement this year may be continued scrutiny of healthcare mergers and consolidation.

"We're very concerned about the effect of hospital consolidation on service delivery, quality of care, the workforce of hospitals and overall cost control," Looney said.

A law adopted last year, which had the support of both Looney and Fasano, created greater state oversight of hospital mergers, required various disclosures, and capped facility fees, among other measures.

In a similar vein, the Connecticut State Medical Society (CSMS) said it's planning to push lawmakers to probe the impacts of health insurance mergers, such as those proposed by Aetna and Cigna.

"At the very least, we'd like some sort of public forum on mergers and the insurance environment," said Ken Ferrucci, CSMS' senior vice president of government affairs.

The Connecticut Hospital Association, fresh off a months-long fight with lawmakers over supplemental Medicaid cuts, plans to make another attempt to convince legislators to phase out a hospital tax that took effect in 2012.

The Associated Press reported in November that CHA was considering suing the state on the grounds that the tax is unconstitutional.

"We continue to move that effort forward," Michele Sharp, CHA's vice president of communications, said last week. She said she couldn't comment further on the legal matter. ■



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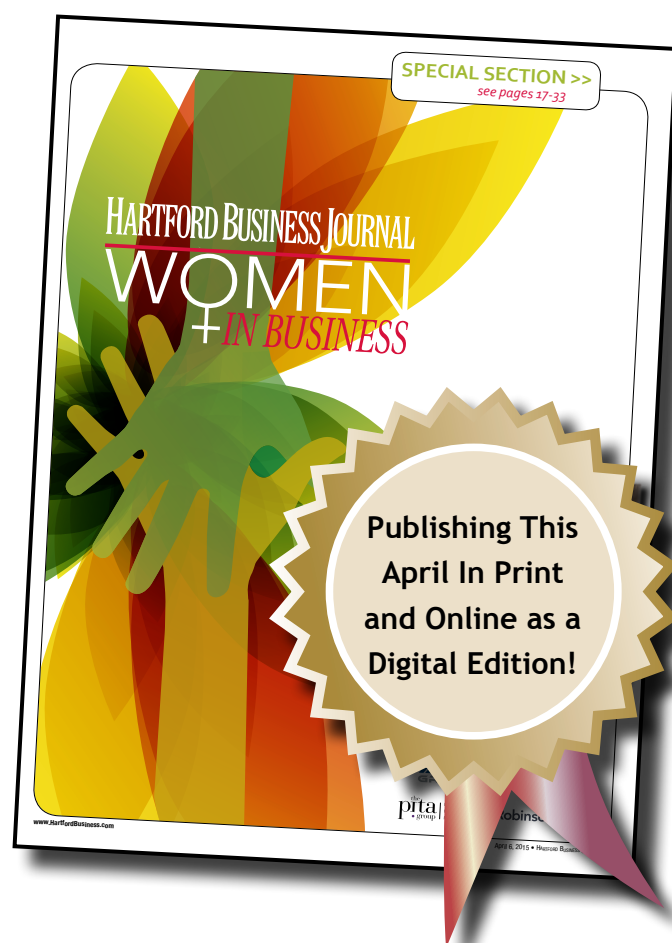
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# Sunday sales as an omen



Former McDonald's fast-food court at CityPlace II.

ballpark, with adjoining retail, office and residences, augurs the prospect of more “feet on the street” downtown — a key ingredient for promoting and sustaining retail of all kinds.

The city, landlords say, must also play a role by: eliminating grants and other funding incentives to retail startups that wind up closing doors anyway despite the subsidy; and reworking permitting and inspections processes to minimize red tape. But that doesn't mean, some retail tenants say, downtown landlords can't be generous with rents and lease terms, to promote more retail expansion.

The city, under its previous mayor — and in the face of concerns from local landlords and state economic-development officials — negotiated lower property-tax deals with certain downtown landlords, insisting in return landlords offer free or reduced rents to certain eligible retail tenants.

“Really, what the city should concentrate on,” said Trumbull On The Park developer Martin Kenny, “is processing permits as quickly as possible so businesses can get up and running. They shouldn't be cutting checks.”

Stackpole owners Jodi and Ron Morneault are simultaneously downtown retail tenants and landlords: They rent 10,000 square feet to house their men's and women's fashion boutiques on 242 Trumbull St., and a smaller “pop-up” outlet on Pratt Street, for their marked-down merchandise.

But 2 ½ blocks away, the Morneaults for more than 40 years have owned the 257 Asylum St. building whose streetside retail space once housed Tuesday's and is now home to startup Sarah's Coffee House.

To Jodi Morneault, the answer to boosting retail is simple: The city and state can and should do more to market downtown retail as a destination to the region's populace and to motorists traveling I-91 and I-84, both of which intersect through downtown.

“To remind people,” she said, “who are driving by that they can stop downtown and get a coffee or get a burger ... or go to the [Connecticut Science Center]. That would create more foot traffic. Then more tenants would be interested in renting up the empty spaces.”

Landlords, too, Morneault said, must be prepared to be more engaged with tenants, particularly ones just getting off the ground. She points to Sarah's Coffee House to illustrate.

The landlord couple worked closely for months with Sarah's owner Uyen Mai and her business partner on their business model for plying customers with coffee made from imported beans. Despite little upfront capital, the Morneaults allowed Sarah's to occupy and begin remodeling the 257 Asylum St. space rent-free well before opening late last fall.

The Morneaults also spent \$17,000 on a new heating system for their building, which houses residential tenants on the floors above the coffee shop.

Developer Martin J. Kenny a decade ago built his 100-unit Trumbull On The Park



Pratt Street has plenty of storefronts to fill. The turquoise storefront houses Hartford Prints! Lenses Only is next door.

Apartments on Trumbull Street, facing Bushnell Park. Nine out of 10 of his units are full, and only 1,200 square feet of his building's 8,000 square feet of streetfront retail space is empty.

A Quiznos sandwich shop, Salute restaurant and a beauty salon occupy most of the approximately 8,000 square feet of retail space, which in addition to the apartments and the attached 650-car garage are the building's revenue generators. But that last 1,200-square-foot parcel has been hardest to fill, Kenny said.

One solution, he said, is for retail landlords “to be more collaborative with the right concept.”

“If you get a good operator, rather than charging the market rate ... some of these building owners need to become partners and invest with the tenant, and get a percentage rent,” he said.

Kenny did it with limited success for one retail startup. For six months in 2014, pet foods/accessories retailer Naturally Dogs & Cats tried making a go in 1,100 square feet of retail space in Kenny's apartment building. Kenny waived his \$15-per-square-foot net rent, with the pet-groomer paying only its utilities, he said.

“He wanted to understand if his business plan was going to make it or not,” Kenny said of the owner. “So, we essentially assisted him in setting up his shop. But he realized being in an A-grade space probably was too costly for his business.”

Ultimately, Naturally Dogs & Cats relocated to older, less expensive quarters a half-block away, at 10 Trumbull St. According to Kenny, his loss as a landlord was a plus for his tenants and the city.

“The benefit is he ended up relocating next door to our building, providing a service that our residents use routinely,” Kenny said.

Kenny said he has spurned lease offers from retail and commercial operators to fill the vacancy because he didn't believe they could offer anything meaningful to residents in his building and elsewhere downtown. One of those rejected was a mortgage broker.

“My tenants are renters. How does that make our property better? Not much,” he said.

Talks are underway that could bring an upscale Chinese dine-in/take-out restaurant into Trumbull On The Park's retail vacancy, Kenny said. Another option is converting the space to a resident lounge, or some other amenity for his apartment tenants.

## Competitive advantage

At 777 Main, developer-landlord Bruce Becker negotiated a graduated property-tax rate with the city to convert the former 26-story office building into a 228-unit apartment tower.

Becker, in turn, says he leveraged that lower tax rate into attractive leases for retail tenants like Blue State Coffee, a yoga studio and a planned neighborhood market that so far have filled all but 4,500 square feet of his total 28,000 square feet of retail space on the ground and basement floors of 777 Main, plus storefront space in the adjoining parking garage.

Becker said he, too, is being selective about whom he signs as tenants. He claims he spurned leasing to a prepaid cellphone provider due to doubts that its business model fit 777 Main's and downtown's tenancy model.

“We're pretty careful about finding tenants that are going to be complementary to our other uses and create a synergy with our residents,” he said.

Becker said he has spoken to several unnamed educators about using some of 777 Main's basement space as classrooms. An operator of shared office and co-working spaces, too, has contacted Becker about tenancy.

Becker welcomes prospects that the ballpark, Hard Rock Hotel, plus more apartments and office/retail spaces, planned for the downtown-north quadrant, or DoNo, will spur more “feet on the street”, as well as attract more suburban residents and tourists to explore the center-city's retail offerings.

According to landlords and state economic-development authorities, reduced property-tax recipients like Becker make it difficult for rival landlords to compete.

Subsidized retail rents, they say, also threaten to upset the natural market dynamics.

Michael Freimuth, executive director of the Capital Region Development Authority, said he advised city economic-development officials against linking lowball retail rents to reduced property-tax assessments.

For one thing, Freimuth said, many downtown landlords have mortgage-loan covenants requiring minimum rents in order to generate enough revenue to service their debts.

Another worry, he said, is that a “musical-chairs effect” arises when subsidized landlords woo retail tenants from surrounding properties, creating vacancies there. That sets up a perpetual race in which landlords and tenants are constantly resetting and chasing the lowest rents — an unprofitable scenario for all, Freimuth said.

What ultimately drives up retail occupancies and rents downtown is “more bodies with higher incomes,” Freimuth said. “If you don't have the clients and critical mass, and a lower income base, you're not going to drive it.”



Grocer Market 21 failed to make it on Asylum Street.

## Small-business appeal

Naturally Dogs & Cats was among a handful of retail businesses that participated in the city's short-lived “iConnect” program that tried filling downtown empty storefronts.

Owner Bob Marshall said his startup's new home in 800 square feet at 10 Trumbull St., though 400 square feet less than what it had in Kenny's Trumbull On The Park, better suits his business and pet owners.

“It feels more homey,” said Marshall, whose day job is working for an insurer downtown.

“I see downtown as a place of change and renaissance,” Marshall said. “I'd like to see more smaller businesses downtown.”

He may get his wish. In recent months, independent operators Steven Abbate of Bristol and Tom Gauthier of Simsbury opened their Lenses Only eyewear shop at 42 Pratt St., after buying out a previous operator in space that has housed an optical shop for the past three decades. The pair's other store is in Bloomfield.

Lenses Only chose to invest \$250,000 in equipment and inventory, plus pay \$1,000 a month to occupy about 700 square feet in the heart of downtown for a very simple reason, Abbate said.

“The gamble is Hartford because I'm not convinced that retail can survive in Hartford,” the former human-resources officer for Wallingford franchisor Edible Arrangements said. “But one thing I do know is that, if we're successful, we can help attract other businesses down here.”

With more than 100,000 potential customers piling downtown daily to work, Abbate is confident in Lenses Only's model of selling lenses and discounted brand-name frames, as well as the option for customers to save by refitting new lenses to existing frames.

Next door, at 44 Pratt, graphic designer Rory Gale and her sisters have run their Hartford Prints! shop selling urban goods and hand-printed stationery since October 2013.

“We believe in the city and want to be part of the renaissance of Hartford,” Gale said. “This is exciting and important for us.”

Hartford Prints!, like Naturally Dogs and Cats, was an iConnect participant and for a time leased 1,300 square feet rent-free from landlord Northland Investment Corp. Now saddled with an unspecified rent and other overhead, Hartford Prints! profitability is just out of reach, Gale said.

“It would be advantageous for the landlords to think about how to attract more retail, if that means more attractive rents,” said the third-generation Hartford native who lives downtown.

A self-described optimist, Gale said the ballpark and other proposed downtown north redevelopment, including the fall 2017 arrival of more than a 1,000 UConn faculty and students bodes well for merchants like her. Open Tuesdays through Saturdays for now, Gale said adding a sixth sales day would be a high-water mark for both her business and the city.

“The day that Hartford Prints! extends our hours to Sundays,” she said, “is going to be a really good sign for downtown.”





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## MOVERS & SHAKERS



Seann Kalagher



Ross Mezzanotte



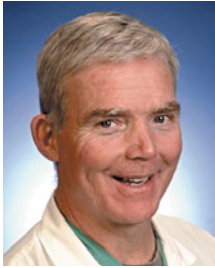
Bob Nelson



Wanda Montalvo



Tribby Warfield



Dr. James F. Flaherty



Dr. Jim Shmerling



Julie Connolly

### UConn names new education school dean

**Gladis Kersaint** has been named the new dean of UConn's Neag School of Education and will begin work in July. Kersaint has been the associate dean of the College of Education at the University of South Florida since 2011, where she is also a professor of mathematics education.

Kersaint also held the David C. Anchin Endowed Chair in Education Innovation and from 2011 to 2014 served as director of the David C. Anchin Center, which supports innovation and the advancement of teaching.

### QU administrator elected to association board

**Seann Kalagher**, associate dean of student affairs at Quinnipiac University, has been elected to the board of directors of the Association for Student Conduct Administration (ASCA). He will serve a two-year term beginning in February.

Kalagher came to Quinnipiac in 2009 as assistant dean of student affairs before switching to his current position in 2013. He also is the deputy Title IX coordinator for students.

### KBE Building Corp. promotes two longtime team members

KBE Building Corp. in Farmington has promoted **Ross Mezzanotte** and **Bob Nelson** to senior project managers.

Mezzanotte joined KBE in 1995. Formerly a project manager, he has also been a project administrator and project estimator.

Nelson, who joined KBE in 1996, served as a project superintendent before becoming a project manager.

### CHC appoints associate director of Weitzman Institute

Community Health Center Inc., a Middletown-based primary care provider for underserved populations, recently named **Wanda Montalvo** associate director of the Weitzman Institute.

Montalvo will expand the institute's work promoting innovation in primary care through research, quality improvement and training.

### Kaman SVP gets additional titles, responsibilities

Kaman Industrial Technologies Corp. in Bloomfield has appointed **Tribby Warfield** to the additional role of senior vice president and general manager of its automation, control and energy platform. Warfield joined Kaman Distribution in Aug. 2014 as senior vice president and general manager of its fluid power platform, a position she retains.

Before joining Kaman, Warfield was president, North America commercial for Gates Corp., where she led all commercial activity for Gates power transmission and fluid power in the U.S., Canada and Mexico.

### St. Francis appoints surgical oncology chief

**Dr. James F. Flaherty** has been appointed chief of surgical oncology at St. Francis Hospital and Medical Center as a member of St. Francis Medical Group.

Flaherty is an expert in the surgical care of patients with upper gastrointestinal cancers and has been an attending surgeon at St. Francis since 1995.

He currently serves as an assistant clinical professor of surgery at the UConn School of Medicine and is a fellow of the American College of Surgeons. He's also a captain in the U.S. Naval Reserve.

### CCMC chief to chair American Hospital Assoc. council

**Dr. Jim Shmerling**, president and CEO of Connecticut Children's Medical Center, is the new 2016 chair of the American Hospital Association's Section for Maternal and Child Health Governing Council, a 15-member group of CEOs and senior executives from the nation's women's and children's hospitals and healthcare providers.

As chair, Shmerling will lead the AHA Constituency Section for Maternal and Child Health Council on discussions focused on public policy issues concerning women's and children's health, hospitals serving that patient population and AHA member service strategies.

### Leadership Greater Hartford announces new Quest program director

Leadership Greater Hartford recently announced that **Julie Connolly** joined the Leadership Greater Hartford team as the new program director for Quest, which helps participants build leadership skills.

Connolly brings more than 20 years of business experience, having served in various leadership positions in private industry and public accounting, where she managed, developed and trained people and teams. She is a certified coach through the International Coach Federation.

### Capital Workforce Partners hires youth-programming leader

Capital Workforce Partners announced the addition of **Kelly Fitzgerald** to its staff as youth employment lead, managing employment and development programs for youth in the north-central Connecticut region.

Fitzgerald spent the last six years developing and strengthening partnerships to support implementation of new educational and workforce initiatives. Her last role was as associate director of workforce and education initiatives at Connecticut Women's Education and Legal Fund.

### Computer Management Services adds staff

Computer Management Services, based in Westbrook, recently added **Alex McCollam**, **Yoseni Dunphy**, **Mary Beth Gossart**, **Al Mrosek** and **Lesley Olsen** as a result of recent growth and acquisitions.

## NONPROFIT NOTEBOOK

### NONPROFIT PROFILE

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**Richard J. Porth**, President & CEO

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#### FY 2015 SUMMARY

	2014	2015
<b>Total Employees</b>	231	255
<b>Total Assets</b>	\$4,489,387	\$4,563,689
<b>Total Liabilities</b>	\$2,660,168	\$2,612,288

#### REVENUES

<b>Contributions &amp; Grants</b>	\$13,820,388	\$16,078,063
<b>Program Service Revenue</b>	\$638,897	\$577,590
<b>Investment Income</b>	\$0	\$0
<b>Other</b>	\$36,235	\$45,713
<b>TOTAL</b>	<b>\$14,495,520</b>	<b>\$16,701,366</b>

#### EXPENSES

<b>Grants</b>	\$0	\$0
<b>Member Benefits</b>	\$0	\$0
<b>Salaries/Employee Benefits</b>	\$10,735,505	\$11,535,537
<b>Fundraising Fees</b>	\$0	\$0
<b>Other</b>	\$3,526,306	\$5,043,647
<b>TOTAL</b>	<b>\$14,261,811</b>	<b>\$16,579,184</b>
<b>MARGIN</b>	<b>\$233,709</b>	<b>\$122,182</b>

#### TOP PAID EXECUTIVES (FY 2015)

	Base Salary	Total Compensation & Benefits
<b>Richard Porth</b> , President/CEO	\$178,837	\$217,330
<b>Leo Pellerin</b> , Chief Information Officer	\$128,744	\$162,236
<b>Cheryl Sutera</b> , SR VP Child Care	\$123,133	\$155,881

SOURCE: GUIDESTAR IRS 990 TAX FORM

PHOTO | CONTRIBUTED



The **Petit Family Foundation** has awarded a \$4,000 grant to the **Boys & Girls Club of Bristol Family Center** to underwrite the Venture Crew program. This newly created program will give inner-city girls ages 14-18, a chance to experience activities that are fun and challenging in areas that may be foreign to them. The Petit Family Foundation honors the memories of Jennifer Hawke-Petit, Hayley Elizabeth Petit and Michaela Rose Petit by continuing the kindness, idealism and activism that defined their lives. Pictured (from left) are: Dawn Burke, director of corporate, foundation and donor relations at Boys & Girls Club of Bristol; and Dr. William Petit, Petit Foundation board member.

**Boys & Girls Clubs of Hartford** received a \$40,000 grant from the **Comcast Foundation**, to help expand the My.Future technology initiative, a hands-on technology training to equip kids with the skills needed to compete in a 21<sup>st</sup>-century economy. The grant will provide Club staff with an expansion of volunteer efforts and the recruitment of an additional 200 mentors to work with students twice a month to provide help with schoolwork, social

activities and coaching life skills.

The **Nutmeg Foundation** announced a \$35,000 grant to **Workforce Solutions Collaborative of Metro Hartford** to support its efforts to assist low-income individuals secure and advance in jobs that lead to family-sustaining employment and also provide employers with a qualified workforce.

The **National Endowment for the Arts** has announced awards totaling more than \$27.6 million in its first round of funding for fiscal year 2016, including an Art Works award of \$10,000 to the **Hartford Stage** to provide production support for the new musical, *Anastasia*, in May.



(From left) Damon D'Amico, Endowment Fund; John Patrick, Farmington Bank; and Chris Traczyk, Farmington Bank Community Foundation.

The **Farmington Bank Community Foundation** presented a \$2,000 donation to the **East Longmeadow Educational Endowment Fund** during the opening of its new branch in East Longmeadow, Mass. The bank celebrated its role as a community partner with donations to area nonprofit organizations.





## First Connecticut Bancorp Inc.

One Farm Glen Blvd., Farmington, CT 06032 | [www.farmingtonbankct.com](http://www.farmingtonbankct.com)

First Connecticut Bancorp operates as the holding company for Farmington Bank, which provides various commercial and consumer banking services to businesses, individuals and governments in central Connecticut and Massachusetts.

**Top Executive:** John J. Patrick, Chairman and CEO

### FACT BOX

**Industry:** Banking

**4Q 2015 Revenue:** \$24.6M

**4Q 2015 Net Income:** \$2.4M

**Quarterly Profit Change:** (\$766,000)

**Cash:** \$59.1M

**Employees:** 328

**Competitors:** Citizens Financial Corp.  
People's United Financial Inc.  
Webster Financial Corp.

### TOP INSTITUTIONAL INVESTORS

Holder	Shares	% Stake
Basswood Capital Management LLC	961,856	6.06
Wellington Management Company LLP	901,237	5.68
Rutabaga Capital Management LLC	692,192	4.36



### STOCK WATCH (as of noon Jan. 28)

<b>Ticker Symbol:</b> FBK	<b>Stock Price:</b> \$16.32	<b>Market Cap:</b> \$259.13M
<b>52 Week Range Price:</b> \$14.42-\$18.40		<b>Outstanding Shares:</b> 15.88M

### CORPORATE SUITE

Executive	Title	Salary	Bonus	Stock Awards	Non-equity Incentive	Total
<b>John J. Patrick, Jr.</b>	Chairman/CEO	\$500,000	\$0	\$0	\$330,000	\$1,437,777
<b>Gregory A. White</b>	CFO/Exec. VP	\$249,312	\$0	\$0	\$100,000	\$507,143
<b>Michael T. Schweighoffer</b>	Chief Lending Officer/ Exec. VP	\$267,825	\$0	\$0	\$108,000	\$570,688

## Teamwork makes the dream work!

HARTFORD BUSINESS JOURNAL

## Best Places TO WORK IN CT 2016

Meet the companies that excel above the rest!



Who will rank #1?  
Find out on  
March 23rd!

Reserve *your* seat at this Hartford Business Journal networking event!

**WED. March 23, 2016**  
5:30 pm - 9:00 pm

### Farmington Gardens

999 Farmington Avenue,  
Farmington, CT, 06032

Enjoy dinner, networking opportunities and a fun social evening as the winners all gather to celebrate the Best Places to Work in CT and find out who will rank #1!

**TICKETS:**  
\$85 each  
\$940 per  
table of 12

For tickets, contact Amy Orsini at  
[aorsini@HartfordBusiness.com](mailto:aorsini@HartfordBusiness.com)  
or 860-236-9998 ext. 134 or go to  
[HartfordBusiness.com](http://HartfordBusiness.com) and click on "our Events"

### MEET THE 2016 WINNERS

ADNET Technologies, LLC  
Barnum Financial Group, an Office of MetLife  
Bearingstar Insurance  
Burns & McDonnell  
CBS, a Xerox Company  
Charles IT  
CIL  
Citrin Cooperman  
Clarity Software Solutions, Inc.  
COCC  
Comcast - Western New England Region  
Consigli Construction Co., Inc.  
Continuity  
Cooperative Systems  
Core Informatics  
Datto, Inc.  
Digital Surgeons  
Edward Jones  
Fiduciary Investment Advisors, LLC

Goodwin College  
Hartford Area Habitat for Humanity  
Hinckley Allen  
ICON International, Inc.  
iDevices, LLC  
IMCORP  
Inspira Marketing Group  
Kforce, Inc.  
Martinez Couch & Associates, LLC  
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Nicola | Yester  
OFI  
Qualidigm  
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The Lockwood Group  
The Motorlease Corporation  
Travel Insured International  
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EDITORIAL

# Budget must be focus in short session

**M** myriad issues will be brought up for debate during this year's legislative session but the only one that truly matters is the budget.

While short legislative sessions in Connecticut are typically an off year for budget talks, the state's projected deficits for the current and future fiscal years make solving our fiscal uncertainty the top priority.

While some lawmakers may think passing new economic development initiatives in the wake of General Electric's departure should be the focus, the business community is really harkening for a plan that balances the budget long term without further tax increases.

Fiscal certainty would be the most powerful economic stimulus package for Connecticut's economy.

The state's nonpartisan Office of Fiscal Analysis put out a report last week projecting a \$72.2 million deficit for the current fiscal year, despite lawmakers cutting \$350 million from the budget during a special session in December. OFA also projects a \$507 million deficit in fiscal 2016-17; deficits are projected to be in the billions thereafter.

Republicans and Democrats are currently trying to score political points by blaming each other for our fiscal woes. Such politicking will do nothing to solve our budget crisis.

Now more than ever, we need a legislature that can work together and incorporate ideas from both sides of the aisle to deliver to taxpayers a balanced budget that includes plans to pay long-term debts like pension costs. And it must happen this year. Lawmakers can't afford to leave a sense of uncertainty hanging over Connecticut's economy for another 12 months.

Investors are already on edge after Wall Street ratings agency Moody's last week issued a "credit negative" warning for Connecticut in the wake of GE's departure, citing the state's "budget deficits, low reserves, population loss," and slow economic recovery as cause for concern. And, of course, there is the threat of more companies deciding to flee the state if they continue to lose faith in government's ability to do its job. ■

## Hartford must leverage corporate IQ

A key trait of any top executive is the ability to attract top talent. Mayor Luke Bronin is off to a good start in that regard.

Bronin recently named Bonnie Malley, an executive vice president and chief financial officer of The Phoenix Cos., as his chief operating officer. Malley, who was a Hartford Business Journal Women in Business awardee in 2013, has been a key figure trying to turnaround Phoenix Cos., which has struggled since the Great Recession and recently agreed to sell itself to Nassau Reinsurance Group L.P.

Her decision leave a job that paid her more than \$1 million annually, to take a civil-servant role that will pay her much less, speaks volumes to the support and optimism Bronin has garnered from the business community, which is craving for competent leadership from city hall.

Thea Montañez, the former head of local grant making and sponsorship programs for The Hartford Financial Services Group Inc., is another corporate leader Bronin has tapped; she serves as his chief of staff.

Corporate support will be key to Hartford's revival. The more business leaders get involved in helping city hall grapple with the very difficult issues it faces — budget deficits, poverty, property taxes, education gap, etc. — the faster the Capital City will rebound.

The corporate community has been financially supportive of the city for decades, but the intellectual capital it harnesses to solve complex problems is an even more valuable asset.

Let's hope Bronin can leverage that to the fullest. ■

OTHER VOICES

# After GE, CT needs spark to end economic blackout

By Joe Horvath

**I**n the early 1970s, New York City and State implemented tax hikes. In response, General Electric moved its corporate headquarters from Manhattan to Fairfield. At the time, Connecticut had no personal income tax, as opposed to today's top marginal rate of 6.7 percent. Because of the move, the company and its employees also enjoyed a significant tax reduction, particularly those who relocated to the Nutmeg State.

Last month, history repeated itself.

GE didn't have to put much of its imagination to work when it decided to ship up to Boston. Despite being long derided as "Taxachusetts," the Bay State offers a better economy for businesses and individuals. "It's great [that General Electric] has selected Massachusetts for their headquarters but it's a cautionary tale of how regulatory and tax burdens can drive businesses away," said Thomas Erb, president of Massachusetts-based Electric Time Co. Inc.

"In Massachusetts, Proposition 2.5, and fiscally conservative democratic and republican politicians, have improved the tax climate of our state so that we no longer have the highest tax burden in the country," said Erb. "Connecticut, on the other hand, has gone from having a low tax burden to one of the highest in the country."

In the 2015 edition of the Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index, the ALEC Center for State Fiscal Reform ranked Connecticut's economic outlook 47th out of 50 states. Massachusetts and Rhode Island, meanwhile, boast lower personal and corporate income tax rates. In 2013 and 2014, the four states closest to Connecticut either cut taxes or raised them less than Connecticut.

"Last year, Connecticut raised taxes by \$1.3 billion, and eliminated or delayed another \$500 million in tax cuts," said Suzanne Bates, policy director of the Yankee Institute. "It wasn't just this year's increase that concerned GE; the bigger concern is that state lawmakers will keep raising taxes ... It is unsustainable, and leads to a lack of predictability for businesses as well as the residents of Connecticut."

Adding to the unpredictability, Gov. Malloy seems to be tone deaf. Responding to GE's move, and possibly still suffering a State of the Union fugue, he told Connecticut reporters "We win some, we lose some. Luckily, we've

won more than we lost, but this hurts."

In this case, however, Connecticut has lost hundreds of jobs. Since 1992, the state has lost more than \$12 billion in gross-adjusted income to domestic outmigration, with the trend becoming even stronger since 2010, according to online research site How Money Walks. More than 140,000 residents left the state from 2004 to 2013. A recent Yankee Institute study stated that between 2011 and 2013, Connecticut lost \$60 a second to outmigration.

Malloy hasn't been suffering his disconnect alone, however. Shortly after the GE news broke, a state panel suggested tolls and higher gas and sales taxes to pay for transportation costs. This past summer, the General Assembly passed a massive tax increase, only to amend it within a week.

"The state of Connecticut has schizophrenic tax policy," said Andrew Markowski, Connecticut state director of the National Federation of Independent Business. "If a corporation the size of General Electric cannot afford to do business in Connecticut, how can a small, family owned business be expected to operate in this state?"

Markowski is right to worry about Connecticut's small businesses. Companies like Borgeson Universal, founded in Connecticut over 100 years ago, are moving away in pursuit of friendlier business climates.

The upcoming legislative session is an opportunity to come up with real solutions.

First, examine the estate tax. Rhode Island recently raised its exemption limit, as did New York. The state's decision to enact an estate tax cap may limit some residents' burden, but the benefits are hardly broad-based, plus there are reports of new probate fees being levied on estates.

Next, the 20 percent surcharge on corporate taxes incentivizes large businesses like GE to leave. Forcing a corporation to calculate its tax liability and then arbitrarily add 20 percent has no logical underpinning beyond being an inventive way to squeeze businesses.

Last, explore basic, broad-based income-tax reform. To stop the migratory bleed-

ing, make Connecticut an attractive place to live and do business. Bring the personal, sales and corporate rates down, closer to better-performing states like Massachusetts and Rhode Island. While Connecticut should aspire to become one of the nation's economic leaders, at this point, regional parity might be a good first step. ■

*Joe Horvath is a legislative analyst for the ALEC Center for State Fiscal Reform and currently resides in Virginia. He is a graduate of Sacred Heart University in Fairfield, and a native of Shelton.*



Joe Horvath

► **'The state of Connecticut has schizophrenic tax policy. If a corporation the size of General Electric cannot afford to do business in Connecticut, how can a small, family owned business be expected to operate in this state?'**

Andrew Markowski, state director, Connecticut Chapter, NFIB

## HARTFORDBUSINESS.COM POLL

Will the legislature raise new revenues to balance the budget?

☐ Yes

☐ No

To vote, go online to HartfordBusiness.com.

**Last week's poll results:**  
Is Gov. Malloy's \$100B transportation plan worth possible tax increases and tolls?

**28.6% Yes**

**71.4% No**



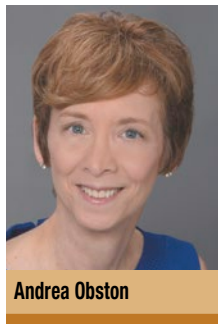
# 7 marketing New Year's resolutions to boost your bottom line

By Andrea Obston

Every year, as the ball drops in Times Square and the pine needles drop from the Christmas trees, many of us feel the need to start fresh.

To help you in that effort, here are a few resolutions to help grow your business in 2016:

**Resolution No. 1: Talk to consumers where they are** — Open your marketing mind to what works for your customers, not for you. Too many executives and business owners build their marketing efforts on what motivates them. But chances are that your customers are not you. In today's environment, your customer is most likely someone who's grown up with the world at their command. They've always had apps that let them



Andrea Obston

adapt their cell phones to their wants. They've always had access to Internet resources that bring them exactly what they want, when they want it. Now, more than ever, your marketing must respond to those expectations. For example, you might want to add a chat box to

your site so customers can get instant answers to their questions from a live person.

**Resolution No. 2: Make your website the home base it should be** — Take a good look at your website to make sure it's contemporary. When was the last time you looked at your site through the eyes of your customers? Many business people don't want to. They recall with dread how tedious it was to create their original sites. They can't face that process again.

But, here's the sad news: your website's never done. It must evolve just like your business. The good news is that updating or even creating a new site is a lot less painful than it used to be. And keeping an outdated site can be downright destructive to your bottom line.

Your website must be your home base for all of your marketing. Everything from your blog, to your email marketing, to your social media must point back to that site. It needs to drive traffic through that front door and to your bottom line.

Not sure if your website's dated? Here are a few signs it's time for a change from Jennifer Lonoff Schiff in her article in CIO Magazine: Traffic isn't converting into sales; bounce rates are high; loading is glacial; and mobile friendly is a foreign concept.

**Resolution No. 3: Create relationships with your customers not transactions** — Concentrate your 2016 marketing efforts on

building customer loyalty and engagement instead of pushing one-time sales.

Gone are the days of mass marketing. Today, smart marketers focus on developing long-term relationships that grow their businesses over time. Companies that build emotional customer connections create brand ambassadors who carry their messages for them. Today, there's easily accessible data that will help you learn what your customers want from you and what needs your product or services satisfies for them. Use it to develop the building blocks of strong relationships that go beyond the transaction.

**Resolution No. 4: Use social media to solidify a personal connection** — Vow to focus the bulk of your social media posts on content that's useful to your audience. "Hey look at me" posts are tedious and of no use to your customers. Before you post ask yourself, "Is this interesting enough that I'd pass it along to a friend if I didn't work here?" The fact that you have a new machine or an employee celebrating five years with the company never changed anyone's life. Post "news you can use" and you'll use your social media to solidify your position as a thought leader.

**Resolution No. 5: Mobilize the power of email marketing to create productive engagements** — Learn ways to drive traffic to your site with regular ebcasts. Yes, I know we

all have a love/hate relationship with email. We hate that it's there. We hate that our inboxes are crammed full. But many of us check our email as soon as we're conscious in the morning and right before we lose consciousness at night. Deliver compact, useful and engaging content through regular ebcasts and people will click on the links that drive them to your site. Do it regularly and watch the analytics to see what engages your customers.

**Resolution No. 6: Make community service a key player in your marketing efforts** — Look into ways to involve your company and your employees in something that both heals the world and is a natural extension of what you do. We have long been proponents of making community service a key pillar of a strategic marketing plan. It showcases your business as an active player in the community. It gives your employees a reason to work together and feel good about what they do

**Resolution No. 7: Lose the do-it-yourself marketing** — Make the most of your in-house marketing professionals by outsourcing projects that fall outside their skill set. Doing everything in-house is a waste of resources and takes twice as long to accomplish your goals. ■

Andrea Obston is president of Andrea Obston Marketing Communications in Bloomfield.

## BIZ BOOKS

# Deadly sins that destroy organizational innovation

**"The Little Black Book of Innovation — How It Works, How to Do It" by Scott D. Anthony** (Harvard Business Review Press, \$25).

Instead of starting with Chapter 1, start with Chapter 4; its "Seven Deadly Sins" show how an arrogant, intolerant organizational culture kills innovation. Here's a snapshot:

**Pride** — Forcing your view on the marketplace won't work. You need a customer-centric starting point to ensure an understanding of what customers want now and a broad understanding of what may affect the market's future.

Pride also deals with accepting reality. If you've ever watched ABC's "Shark Tank," you've seen "wantrepreneurs" so enamored with their product/service that they refuse to see the problems with their ideas and/or business plans.

**Sloth** — Paying lip service to innovation by not giving people the resources and room they need to create something different. "Genius is 1 percent inspiration and 99 percent perspiration."

**Gluttony** — Being the market leader often leads to resting on your laurels. Anthony advocates employing "selective scarcity" in various areas to get people thinking "what if."

**Lust** — Pursuing too many bright, shiny ideas generally means that resources will be spread too thin to turn any of them into



Jim Pawlak

► Pursuing too many bright, shiny ideas generally means that resources will be spread too thin to turn any of them into reality.

reality. You must prioritize; but, don't just think short term.

**Envy** — Creating an "us vs. them" relationship between core business and growth opportunities makes it difficult for either to focus on their business. Encourage both by celebrating their wins together.

**Wrath** — Innovation involves risk. Without failure there can be no success. Punishing the risk

takers keeps people in their comfort zones (i.e. their box).

**Greed** — Putting profits first in the innovative process usually "leads to prioritizing low-potential markets." Growth requires patience.

The bottom line: Commit any of the sins and your penance will be the inability to get to "Point B."

...

**"Collaboration Begins with You — Be a Silo Buster" by Ken Blanchard, Jane Ripley and Eunice Parisi-Carew** (Berrett-Koehler Publishers, \$23.95).

While virtually everyone in business

acknowledges the "hive-mind" power of collaboration, there are those who pay it lip service while building silos and micromanaging. Before reading the book, find out if you walk the collaborative talk by taking the self-assessment (pp. 137-142). Also, ask peers and your staff to take it from the "how you work with them" perspective. Your results and the shared perspectives create your mindset for "aha learning" from the authors' "UNITE" model:

**"U — Utilize Differences"** — You always learn more from those whose views differ from yours. Encouraging discussion and debate shows people that their input has value. Even if their path wasn't chosen, they'll have a grasp about why another was.

**"N — Nurture safety and trust"** — By sharing key points about successes and missteps, you create learning opportunities. These allow staff to connect dots to others on the team to show that "we" achieves organizational and personal goals. The process improves timeliness of communication,

too, and builds a culture of trust and respect.

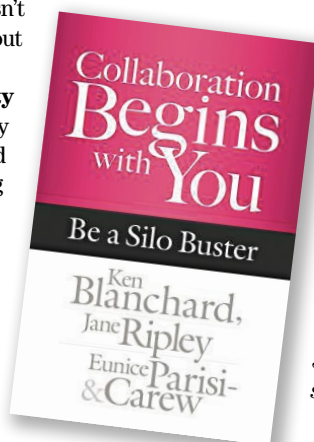
**"I — Involve others in crafting a clear purpose, values and goals"** — It's all about buy-in. When people are involved from the get-go, they understand what and why, as well as the agreed upon approach. They hold each other accountable for the execution of how.

**"T — Talk openly"** — Ask don't tell. Seek feedback by asking questions. Use it to create a "yes, and ..." conversation. Also, encourage networking as a way to establish relationships, which broaden each teammate's understanding of how others think, act and react.

**"E — Empower yourself and others"** — Collaboration begets learning, which begets continuous improvement, which begets improved performance.

Key takeaway: "None of us is as smart as all of us." Silo dwellers don't maximize their productivity and that of those around them. ■

Jim Pawlak is a nationally syndicated book reviewer.





## ACCOLADES & MORE



Pictured (left to right) are Bond employees Steve Massey, Michael Dalheimer, Thomas Baillie and Don DeToro.

### OF NOTE

#### BOND EARNS CT CONSTRUCTION INDUSTRIES ASSOCIATION'S HIGHEST SAFETY AWARD

**BOND**, a full-service construction management and general contracting company with operations throughout New England, has received the Connecticut Construction Industries Association's Platinum Award for overall safety performance over the past three years. The Platinum Level Safety award is given to only a select few contractors each year.

The award represents a review of all areas of BOND's safety programs including the normal evaluation of its OSHA recordable incident rates and OSHA history. The designation also included an assessment of BOND's training programs, pre-task planning and safety inspection software.

...



Mary Barneby

#### GIRL SCOUTS OF CT CEO RECEIVES WOMAN OF POWER AWARD

Girl Scouts of Connecticut's CEO **Mary Barneby** received the Woman of Power Award by the Urban League of Southern Connecticut at the 2015 Women's Empowerment Summit. The award honors individuals and organizations that make a vital contribution to life in their region with a commitment to diversity and inclusion.

...



Pictured (from left) are McPhee employees and their advisors: Meghan Martinez, Christopher, Robert Benzinger, Christine Conroy, Michael Balinskas, Ellen Gallant, Julie Blum and Eric Thompson.

#### MCPHEE ELECTRIC DESIGNATED HEALTH CHAMPION BY THE AMERICAN DIABETES ASSOC.

Farmington-based **McPhee Electric Ltd.** has achieved the Corporate Health Champion Designation from the American Diabetes Association. This designation recognizes companies and organizations that inspire and encourage organizational well-being and is part of the Association's Wellness Lives HereSM initiative. McPhee joins the inaugural class of just 103 health champions across the nation.

...

#### COLCHESTER AUDIOLOGIST EARNS CLINICAL EXCELLENCE AWARD

Audiologist **Angela Page** of Colchester is the recipient of the 2015 Physical Medicine and Rehabilitation Clinical Excellence Award given by Mount Sinai Rehabilitation Hospital, a St. Francis Hospital and Medical Center partner. Page has been an audiologist for 14 years and has worked in the rehabilitation-medicine department at St. Francis since 2011.

#### FARMINGTON BANK'S HOLIDAY STORE BENEFITS SALVATION ARMY



► For the fourth consecutive year, Farmington Bank's West Hartford Center branch office hosted the WTIC Holiday Store Benefitting the Salvation Army. During the morning live radio show hosted by WTIC-AM's Ray Dunaway, people visited the Farmington Bank branch to donate money, toys and non-perishable food items that benefited families supported by the Greater Hartford Salvation Army. Pictured (from left) are: Farmington Bank Board of Directors Kevin Ray and Ronald Bucchi; Greater Hartford Salvation Army Major Eva R. Geddes; WTIC-AM Morning Host Ray Dunaway; Farmington Bank Board of Directors John Carson and John Green; and Farmington Bank Chairman, President and CEO John Patrick.

#### NEW COUNTRY MOTOR CARS DELIVERS COATS TO HARTFORD STUDENTS



► New Country Motor Cars donated over 100 winter coats and outerwear to Hartford Public Schools as part of the dealership's "Stuff the MINI to the Max" campaign. The coats were collected during a recent charity drive by accepting donations of new and gently used coats, mittens, boots, hats, and blankets for children ranging from pre-K through high school at the company's Hartford showroom. Pictured are New Country staff and Hartford school students, who were greeted by Hartford Public School Superintendent Beth Schiavino-Narvaez (second from right).

#### GOODWIN COLLEGE FOUNDATION RECEIVES GIFT FROM LOCAL BUSINESSMAN



► The Goodwin College Foundation recently accepted a \$10,000 gift from Maneeley's Banquet and Catering to benefit student scholarships. Maneeley's Catering has agreed to donate another \$10,000 again this year in support of student scholarships. Last year, The Goodwin College Foundation distributed \$64,000 in endowed scholarships, which benefitted 16 students who displayed financial need and strong academic successes. Pictured (from left) are: Mark Scheinberg, Goodwin College president; Michele Gomez, scholarship recipient; Bruce Maneeley, Maneeley's Banquet and Catering owner; and Brooke Penders, Goodwin's vice-president of advancement.



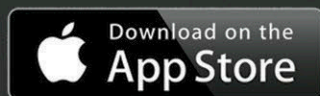
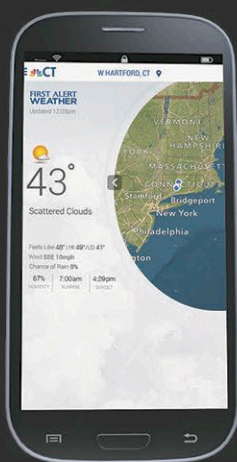


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